

Fiscal Note

Fiscal Services Division



HF 2381 – Liquor Sales in Convenience Stores (LSB 5838HV)
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Fiscal Note Version – New

Description

House File 2381 allows for Class E liquor control licenses to be issued on premises where gasoline is sold, such as convenience stores. Employees under the age of eighteen are prohibited from selling liquor on the premises.

Background

Iowa Code Section 123.30 does not allow for premises where gasoline is sold to obtain a Class E liquor license, unless it is separate from the premises.

Assumptions

- Of the approximately 1,800 convenient stores in the State, 600 would obtain a Class E liquor control license.
- The average license fee for a convenience store holding a Class E liquor license is \$2,100.
- The estimated sales growth per location is 10.0% and assumes that 90.0% of all transactions will result from cannibalizing existing sales.
- Each Class E liquor control license issued will generate \$2,700 of average net revenue per location with a 10.0% increase in FY 2012.
- The Alcoholic Beverages Division (ABD) will require the addition of 6.0 FTE positions to provide services and support new licenses. This includes 4.0 Transport Drivers and 2.0 Purchasing Positions. Additional equipment costs (purchased and leased) will total \$750,000 for FY 2011 and \$500,000 for FY 2012.

Fiscal Impact

New Class E liquor licenses issued will generate \$1.3 million in FY 2011 and subsequent fiscal years. Additional liquor sales will generate \$1.5 million in revenue annually. Increased equipment cost and the addition of 6.0 FTE positions to the ABD will total \$1.3 million for FY 2011 and \$1.0 million for FY 2012.

The net revenue to the General Fund is \$1.5 million in FY 2011 and \$1.8 million for FY 2012. The fiscal impact is shown in the following table:

(\$ in millions)		
	<u>FY 2011</u>	<u>FY 2012</u>
General Fund Revenue		
Class E Licenses	\$ 1.3	\$ 1.3
Additional Sales	<u>1.5</u>	<u>1.5</u>
Total Revenue Impact	<u>2.8</u>	<u>2.8</u>
Expenses		
Personnel (6.0 FTE)	\$ 0.5	\$ 0.5
Equipment	<u>0.8</u>	<u>0.5</u>
Total	<u>1.3</u>	<u>1.0</u>
Net General Fund Impact	<u>\$ 1.5</u>	<u>\$ 1.8</u>

Sources

Alcoholic Beverages Division
Legislative Services Agency

/s/ Holly M. Lyons

February 15, 2010

The fiscal note for this bill was prepared pursuant to [Joint Rule 17](#). Data used in developing this fiscal note, is available from the Fiscal Services Division of the Legislative Services Agency on request.
